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To: Andrea Sarzynski/WHO/EOP@EOP
cc:
Subject: Energy Permits - BLM Benchmarking & Best Practices

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11/04/2001 06:07:02 PM

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To: Edward A. Boling Energy Task Force/CEQ/EOP
cc: See the distribution list at the bottom of this message
Subject: Energy Permits - BLM Benchmarking & Best Practices

Attached is a comprehensive Bureau of Land Management permit benchmarking and "best practices" recommendation that the Domestic Petroleum Council hopes will be considered by the Energy Streamlining Task Force despite the recommendation's being filed after the October 31 deadline for such comments.

The filing was delayed in part as we quickly scanned a recently received previous BLM permitting process study so as to reduce the chance of duplication with respect to our recommendation. That study provided potentially important permitting process issue identification, findings and recommendations, but apparently did not produce the results included by the DPC in the attached document.

Whether or not the DPC recommendation is considered by the Task Force as a formal submission due to the comment deadline, we are providing copies of it to Department of the Interior and BLM personnel directly by copy of this note.

The DPC is ready and willing to assist with any aspect of the project we are recommending.

Thank you.

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- att1.htm



- Energy Policy - CEQ BLM Benchmarking (11-4-01).doc

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TO: CEQ/ Energy Streamlining Task Force

Project/Problem:

Lack of, and need for, Department of the Interior Bureau of Land Management (BLM) nationwide permitting benchmark study and best practices implementation.

Entity Proposing Project:

Domestic Petroleum Council (DPC), representing 22 of the largest independent natural gas and oil exploration and production (E&P) companies in the United States. (See Attachment 1 for a summary of DPC company activity within the United States E&P industry.)

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Type of Project:

Natural gas and oil exploration and production involving federal government lands and minerals.

Approval/Consultation Agencies;

Department of the Interior (DOI) and its Bureau of Land Management (BLM).

Background and Overview

The Domestic Petroleum Council companies are among the most active explorers, developers and producers of natural gas and oil from beneath federal government lands. As a result, they have unique firsthand experience in working with BLM personnel across the country, and in comparing and contrasting BLM land and minerals management policies, practices and implementation processes nationwide. That experience indicates a wide variation in efficiency and effectiveness with respect to processing of permits needed at every stage of gas and oil operations.

Problem/Recommendations

BLM permitting at every stage of exploration and production operations must be carried out in a timely and consistent manner so that companies can plan and sequence environmental studies, drilling plans, gathering line connections and production operations.

The processing of applications for permits to drill (APDs), and other sundry applications and notices, such as for re-completions and changes in completion procedures, can add significant delay, scheduling confusion and at least temporary -- and sometimes permanent -- loss of energy supply to consumers.

Currently the processing of permits in certain BLM field offices is handled very efficiently. In others there are long and increasing delays.

Causes may be varied: interpretation of legal, regulatory or political requirements; lack of personnel positions and/or budget; inefficient and/or duplicative processes; personnel lacking skills and/or training to match changes in industry operating practices and/or new legal, policy or regulatory directives.

The DPC companies believe that a short-term two-step nationwide natural gas and oil permit benchmarking and implementation project should be initiated to improve BLM operations, reduce agency costs and expedite finding, developing and producing federal government oil and gas resources.

The project would build upon and go beyond the May 17, 1996 BLM study entitled "Applications for Permit to Drill: Report on Problems Identified with Processing Timeframes and Recommendations to Resolve Identified Issues." That study confirmed a significant range of success rates among BLM offices in meeting permit processing objectives. It also made a number of potentially significant recommendations to improve APD processing. The recommendations dealt with such issues as "...conflicting priorities, poor understanding of APD priority, incomplete APD packages submitted by the operator, conflicting resource demands, excessive or unnecessary NEPA compliance..." and a number of others.

It is not clear, however, whether the 1996 APD study included comprehensive and uniform data on APD processing by every BLM office. It apparently did not address other notices or permitting actions. It is not clear to what extent its recommendations were accepted or put in place. And, there is no indication that it led to a comprehensive "best practices" approach to permitting improvements throughout the BLM.

As a result, the DPC recommends that the 1996 study be reviewed and that an additional short-term Natural Gas and Oil Permit Process Improvement Project be initiated to include:

- **A quick-turnaround nationwide survey** of every field office to gain data on:
 - o numbers and types of gas and oil permits received and processed over the past two years;
 - o numbers of permits approved on a weekly basis during the period; and,
 - o numbers and skill levels or grades of employees processing permits and doing related work, such as field visits and inspections.

(See Attachment 2 for representative examples of graphed data on permit processing that should be readily available from all BLM field offices.)

- **Analysis** of office-by-office data to find and highlight obvious correlations among variables that may contribute to such things as:
 - o higher and lower numbers of permits processed during comparable time periods; and,
 - o higher and lower numbers of permits approved per employee.

- **Field visits** to qualitatively explore variables and capture "best practices" that might be replicated in lower-performing offices.

- **An action plan** to:
 - o compile findings, including highlighting successes and identifying offices and areas needing improvement;
 - o prioritize improvement variables and factors to be addressed (policy interpretation, necessary changes in law, appropriations levels, staffing reallocation, process streamlining);
 - o create and field human resource teams to work with field office on moving toward "best practices" and higher performance; and,
 - o create a BLM-wide system of best permitting practice recognition and sharing.

- **An evaluation process** that will establish periodic monitoring and feedback to managers and employees on energy permitting performance.

Initiation of such a project would send important signals throughout BLM as to the importance of excellence in the processing of energy permits – and a commitment of DOI and BLM leaders to provide the necessary resources to accomplish it.

Completion of such a project would go a long way toward ensuring an energy-conscious culture and institutionalized permitting process improvements in the agency.

Attachment 1



Domestic Petroleum Council

The Domestic Petroleum Council is a national trade association representing 22 of the largest United States independent natural gas and crude oil exploration and production companies.

Most DPC members are publicly-traded corporations, and most have international operations or interests. They are leaders in developing and applying technology necessary to find and produce oil and gas onshore and offshore, including in deep water.

The DPC companies as a group:

- are leaders in adding domestic energy reserves, drilling almost one-third of the natural gas and oil wells in the United States;
- produce one-fifth of the natural gas in the United States, and account for more than 14% of the country's domestic oil production;
- hold more than 35% of independents' U.S. gas reserves, and approximately one quarter of all U.S. gas reserves;
- hold more than 44% of independents' U.S. oil reserves and 18% of all U.S. oil reserves;
- are strong players in the offshore Gulf of Mexico, with almost 3700 total OCS lease interests, many as operator;
- have more than 1,100 deepwater lease interests in the Gulf of Mexico, including a number of operator designations; and,
- provide jobs in the United States for more than 19,000 employees.

Domestic Petroleum Council companies also have exploration and production operations or interests in 44 other countries.

The DPC mission is to work constructively for sound energy, environmental and related public policies that encourage responsible exploration, development and production of natural gas and crude oil to meet consumer needs and fuel our economy.

Anadarko Petroleum Corporation
Apache Corporation
BHP Petroleum (America)
Burlington Resources Oil & Gas Company
Cabot Oil & Gas Corporation
Devon Energy Corporation
Dominion Exploration & Production, Inc.
El Paso Production Company
EOG Resources, Inc.
Forest Oil Corporation
Kerr-McGee Corporation
Louis Dreyfus Natural Gas Corp.
Mitchell Energy & Development Corp.
Newfield Exploration Company
Noble Affiliates, Inc.
Occidental Oil & Gas Corporation
Ocean Energy, Inc.
Pioneer Natural Resources Company
Pogo Producing Company
Seneca Resources Corporation
Unocal Corporation
XTO Energy Company